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TAGS: [PREL](#) [PHUM UP](#)
SUBJECT: UKRAINE: NEW PRESIDENTIAL CHIEF OF STAFF READY TO
RE-ENERGIZE SECRETARIAT

Classified By: Ambassador for reasons 1.4(a,b,d).

11. (C) Summary: Newly-appointed head of the Presidential Administration Viktor Baloha told the Ambassador September 19 that he was ready to engage with the U.S. to ensure that the Millennium Challenge Corporation (MCC) Threshold Anti-Corruption Project was a success and was eager to get started on a proposed USG-funded program to reform the Secretariat. Baloha acknowledged that this past week's

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public "war of words" regarding Ukraine's future NATO membership was an issue for his office and that it was important for Ukraine to speak with one voice, especially on foreign policy. However, he also noted that President Yushchenko believed in the Universal signed in early August and would hold PM Yanukovych's government to the text. Baloha also noted that Ukraine had publicly supported the Finnish Presidency's EU statement regarding the September 18 referendum in Transnistria. End Summary.

12. (C) Comment. The appointment of 43-year old Baloha, the former Minister of Emergency Situations in the Yanukovych and the previous orange governments, to replace Oleh Rybachuk as presidential chief of staff has been rumored for months. Baloha comes with a reputation as a "get it done" man who was very responsive to us as Minister, particularly with regard to Ukraine's response to Avian Influenza and Chernobyl-related issues. However, he also comes with earlier baggage from his Transcarpathian business-political background, where allegations of corruption were rife. During his meeting with the Ambassador, Baloha impressed us as sincere in wanting to work closely with us to improve the Secretariat's efficiency and committed to getting the office

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organized -- something that his predecessor (who considered his primary job to give straight unfiltered information to the President) was not able to do. At the conclusion of the meeting, Baloha's press secretary told the Ambassador that on Baloha's first day at the office, he had called a general meeting of the Presidential Administration staff and told the assembled group that he would soon appoint deputies to run different parts of the Secretariat, but that his goal was to reduce the total number of staff. According to his press secretary, this had caused anxiety among some long-time

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staffers about the security of their jobs. Baloha plans to bring long-time top aide Katerina Rogach, with him from the Ministry of Emergency Situations to run his personal office. End Comment.

Secretariat Reform on Top

¶3. (C) The Ambassador led off the meeting by congratulating Baloha on his new position and raising President Yushchenko's earlier request for U.S. assistance in reforming the Presidential Administration. The Ambassador noted that work had not really begun due to pre-election and post-election issues. However, if Baloha was ready to work with us on this project, we were ready to start. Baloha said that he was ready to move ahead quickly with the project and that if the group of U.S. experts was prepared to meet, then he was prepared to receive them immediately. He noted that after months of political crisis and change, the government situation was stable and it was "time to move to the next level" of work. Baloha said that he was ready to personally lead this project and ensure that the experts had access to the Secretariat at the most senior levels.

MCC - Ready to Make it Work

¶4. (SBU) Turning to Ukraine's MCC Threshold Anti-Corruption Program, the Ambassador gave a brief explanation about this new form of USG grant-based assistance, reviewed the criteria for participation and discussed the process of moving from a threshold to an MCC compact country. The Ambassador noted that Ukraine had done very well in all areas except for anti-corruption and that's why an anti-corruption threshold program had been proposed. He asked for Baloha's personal involvement in and support for the MCC program, and suggested that Baloha appoint someone in his office to work with us. Baloha knew of the project, noting that the USG had submitted the project to the Government, and signing and approval was expected soon. He cautioned that he was ready to move forward as soon as Government approval was obtained.

¶5. (SBU) Baloha asked whether there were particular obstacles that could block MCC's success; the Ambassador responded that only official GOU agreement was needed at this point and then we were ready to go. There are several components to the MCC program, including one involving civil society that would receive input from the NGO community. The Ambassador noted that a contractor had already been selected (award pending a signed agreement) and that tenders for the

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other components were ready to go as well. Baloha stressed that President Yushchenko was very enthused about the program -- both the anti-corruption program and the possibility of a full compact in the future. The Ambassador thanked Baloha for his interest, emphasizing that we would need help from the Cabinet of Ministers, key ministries and the Presidential Administration if MCC was to succeed. Baloha said that he was ready to help and asked the Ambassador to stay in close touch and to offer advice as the program proceeded.

Finding Ukraine's One Voice

¶6. (C) In response to the Ambassador's comments about the lack of agreement in the many public official Ukrainian statements about NATO membership over the past few weeks, Baloha agreed that this was a real concern - especially in the eyes of the world that did not understand who was actually speaking for the country. Baloha confided that this issue "makes me nervous" and noted that each morning President Yushchenko meets with PM Yanukovych and Rada Speaker Moroz in order to coordinate their positions and discuss these issues. However, that had not been enough to head off these public disagreements. In Baloha's view, the root of the problem is that constitutional and political reform that had begun in Ukraine had not yet been completed. There were inconsistencies in the constitution that needed to be fixed and that problems connected with them also needed to be fixed.

¶7. (C) Baloha noted that he was also concerned about stresses within the anti-crisis coalition. He expected Our

Ukraine to eventually join and sign a new coalition agreement. However, in Yushchenko's view, the key document is the Universal and that is the document upon which relations between the presidency and the government should be based. According to Baloha, Yushchenko had reacted according to the Universal when he criticized the Prime Minister publicly for his Brussels remarks on NATO membership. Baloha predicted that Yushchenko would continue to refer to the Universal when discussing several key issues for Ukraine -- the status of Russian language, NATO membership and, more generally, Ukraine's Euro-Atlantic aspirations.

¶18. (C) For example, Yushchenko had been angered by the decision of the Party of Regions to propose draft legislation in the Rada to give Russian the status of an official language and termed the move "not constructive" and "in contradiction to the text of the Universal." With regard to Euro-Atlantic integration, Yushchenko was convinced that the PM's remarks regarding Ukraine's "unpreparedness" to enter a MAP had been incorrect and that the PM did not have the authority to change the overall foreign policy course of the country. In the view of Baloha (and Yushchenko), the PM did not have the same constitutional competency to define foreign policy as the President did. The Ambassador repeated EUR A/S Fried's message during his visit to Kiev - that the door to NATO is open, but it was up to Ukraine to do the work and to choose the right time and pace for a decision.

¶19. (SBU) In another key foreign policy area, Transnistria, Baloha told the Ambassador that the position of Yushchenko -- and Ukraine -- was unchanged; that Ukraine supports the territorial integrity of Moldova. Therefore, Ukraine had joined the statement of Finland, on behalf of the EU Presidency, in noting the unacceptability of the referendum in Transnistria on September 18. In Baloha's opinion, Ukraine had the same view of ongoing events in Georgia and the possibility of a referendum in South Ossetia. Baloha noted the importance of continued stability in both Moldova and Georgia for Ukraine.

So When is Bush Coming?

¶10. (SBU) Baloha concluded the meeting by asking when President Bush would be able to visit Kiev, expressed regret that an earlier trip planned for this year was postponed. The Ambassador explained the circumstances of the earlier postponement and reiterated the importance of seeing how the new Prime Minister and Cabinet governed the country before we could move ahead with considering a visit. He noted that the President was very interested in making a visit, but that there were no concrete plans yet.

¶11. (U) Visit Embassy Kiev's classified website:
www.state.sgov.gov/p/eur/kiev.
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